

CRANBERRIES

BUSINESS

Notebook

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Mefford's appointment to Ocean Spray post sets off speculation

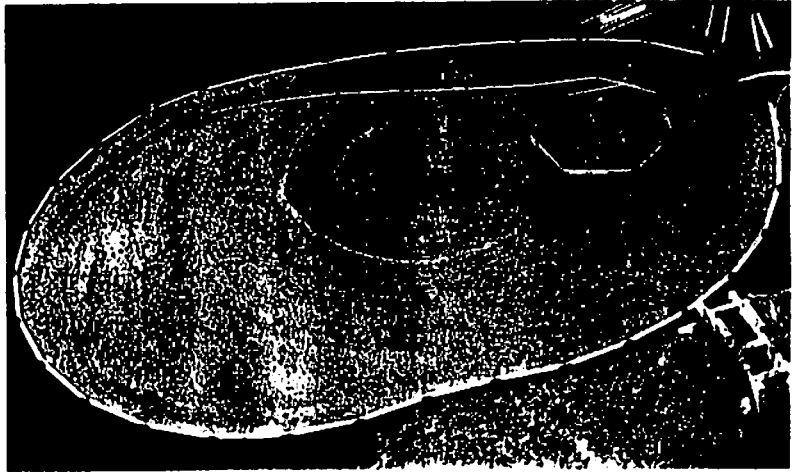
As the cranberry harvest begins in earnest across southeastern Massachusetts, talk around the bogs and elsewhere is what the appointment of Dean Mefford as interim chief operating officer of Ocean Spray Cranberries Inc. portends for the Lakeville-based growers' cooperative.

Mefford, a former president of Ralston Purina International, assumes his new duties tomorrow.

Speculation about the role Mefford will play at Ocean Spray runs the gamut from the unlikely — that he's an advance man for his former employer, which will eventually make a bid to buy the cooperative — to the possible, that he's being groomed to succeed Thomas Bullock as chief executive. Bullock announced in June that he will retire some time next year.

But the official word from Ocean Spray is that his role is completely described by his title, and that he was brought in because he is a savvy, experienced executive with solid knowledge of the food industry whose appointment as an interim COO comes at a difficult time in cranberry country.

Cranberries are the top food crop in Massachusetts, and the industry employs about 5,500 people, with a payroll of \$200 million. It is overwhelmingly concentrated in the southeastern part of the state. Two years of large crops, and increased numbers of growers in Canada, Wisconsin, and other US states, combined with sluggish growth in demand, have left the industry with a surplus of over 3 million barrels.



GLOBE FILE PHOTO / DAVID L. RYAN

Harvesting cranberries has begun in the Carver bogs.

This year's harvest almost certainly will add to inventory, further depressing prices. In 1997, the state average was about \$66 per barrel. Last year it was about \$35. This year likely will be lower.

Many Massachusetts growers and business interests associated with the industry are facing uncertain financial futures.

"The only thing for certain is that Ocean Spray is seriously considering options for its near future," said John Decas, a principal and chief executive of Decas Cranberry Products, an independent company which has facilities in Carver and Wareham. "My gut feeling is that [Ocean Spray's] directors will try to pull a rabbit out of the hat."

Decas was referring to possible solutions to Ocean Spray's major problems — falling cranberry prices and distribution glitches — which are emblematic of the difficulties facing the entire industry. Decas said he doubts that the cooperative, owned by about 900 cranberry and grapefruit growers, the largest percentage from Massachusetts, will allow itself to be sold.

"To sell out would be to admit failure," added Decas, whose firm represents 160 cranberry growers in Massachusetts.

Samuel Rowse, chief executive of Westford-based Veryfine Products Inc., a fruit juice producer that is a Decas customer, said it's possible that Mefford could be a point man "of sorts" for Ralston because of the cereal maker's strong "warm-shelf" presence in stores. He was alluding to the firm's solid position in many grocery chains with its nonrefrigerated goods.

"On the other hand, Mefford's appointment may be just a reflection of Ocean Spray's need for someone with extensive consumer product-development experience," Rowse said.

"Who knows? Quaker Oats has been mentioned [as a potential buyer], along with Pepsico and others," said Hal Brown of Middleborough, an Ocean Spray gadfly who uses his "Cranberry Stressline" Web site to report on the latest gossip about the cooperative.

But Brown said he's betting on Mefford's taking over the helm from Bullock after the latter retires.

Robert Rosbe Jr., financial vice president for A.D. Makepeace Co. of Wareham, Ocean Spray's largest shareholder and Massachusetts' largest cranberry grower, had no comment on Mefford's appointment. Makepeace recently sent a letter to cooperative members urging Ocean

Spray to seriously consider merging with with one of the giant food-industry firms, one with an international presence.

The word from Lakeville was that scuttlebutt about Mefford was off base. Ocean Spray spokesman Chris Phillips asserted, "All speculation about Dean Mefford and Ocean Spray is beyond any semblance of reality.

"It's not at all the plan that Dean will take over for Tom Bullock. Dean is just serving on an interim basis," said Phillips.

A recent Ocean Spray press release said Mefford will report directly to Bullock and will oversee "all key business operation functions . . . including marketing and manufacturing."

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This fall's cranberry harvest in Massachusetts is expected to top off at two million barrels, compared to 1.9 million barrels a year ago, noted David Farrimond, cranberry marketing executive director for the US Agriculture Department, based in Wareham.

An effort will be made, he said, to try "to maintain a \$35 per barrel price, but, due to surpluses, the actual price will pretty much be what the market will bear."

Also, there is likely to be a spot market, offering even lower prices. Smaller growers who don't have working agreements with "handlers," or distributors, will try to get whatever prices they can, Farrimond said.

The effects of the summer's drought could be felt next fall, resulting in decreased production in 2000, he said.